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Source: *The Journal of Race Development*, Vol. 8, No. 3 (Jan., 1918), pp. 366-378

Published by:

Stable URL: <http://www.jstor.org/stable/29738247>

Accessed: 01-08-2014 01:33 UTC

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AN ECONOMIC INTERPRETATION OF THE INCREASE OF BANDITS IN CHINA

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I

A cautious student who reads into the Chinese history can construct a cycle of bandits beginning with the decline of Tang Dynasty (A.D. 618-907) when China Proper already became a populated country and the literati slowly but surely established themselves as a ruling, privileged class. He can connect with it all the social uprisings on one hand and, on the other, he can relate it to the process of the reproduction of Chinese. Although there is no reliable census of population at his service, he can rely on the experience of mankind and say that despite all the natural obstacles the Chinese have been increasing at intervals and that with each large net increase the curve of bandits rises, if such a curve can be made. At any rate, he can insist upon the proposition that for a long time there has been a problem of bandits in China.

Today, he may add, bandits in many sections of China seem to be multiplying faster than the population itself. News which indicates how formidable their menace is are coming every day from the provinces along the sea coast. In these provinces, blackmail, kidnapping, and robbery occur frequently and, in some districts, people have to wander at night in order to avoid attack. Yet, as is generally known, prosperity prevails there; industry and commerce grow; communication and transportation spread; old and new civilization advance in surprising rapidity. Taxes are light and import duties are low enough for the wheel of business progress to run on. Hence, there is a dual situation. How can we explain it?

II

The current explanations lack conclusive evidence. Flood and famine, it is said, produce bandits. Both occur every few years and may bring disastrous results. Agriculture, industry and commerce, the arteries of economic life, disappear or remain stagnant. People by the thousand stand homeless and everywhere charity is too inadequate to succor them. Without food and shelter, so it is concluded, they are bound to become lawless lest they be starved to death or commit suicide.

This explanation leaves out a large element of the problem which we need to consider. Bandits are not confined to the famine and flood districts, but are fast increasing in those districts where neither flood nor famine ever existed within our memory. These bandits have always lived there; they are not immigrants. Because the peculiar village system makes it too conspicuous for a group of strangers to migrate outside an area of about ten miles, bandits do not migrate. Even in the famine and flood districts, moreover, bandits could be found before an inundation or the failure of a crop. Famine and flood seem merely to increase their activities. It is estimated that there are now 1,000,000 homeless people in north-eastern China as a direct consequence of the inundation from Huang Ho. How many among them are, and how many will be, bandits? We may rest assured that in the next month there will be fewer new bandits than old. If a man has property and the damage resulting from either flood or famine is sufficient to worry him, he cannot be a bandit. His property prevents him from becoming one.

But there is an element of truth involved in this explanation which we cannot ignore. Bandits belong to the unemployed class as well as to the propertyless; but no bandit can be found among those who work in regular, permanent positions. A permanent employee, even though miserably poor, even though he has to sell his daughter to meet a necessity, cannot become a bandit because, while his employer knows him well and his associates, who are law-

abiding men, care for him, and while his future lies in his employment, the idea to be a thief or robber cannot enter his head.

Flood and famine do not turn out bandits. Either of them, however, may bring economic pressure on those who own property and sooner or later some of these people will be obliged to mortgage or sell their possessions while others will discharge their workers. When they find themselves propertyless and there is no prospect of employment to insure the maintenance of their life, the burning out of their moral fiber must move with accelerated speed. Demoralization arises with hunger. Their thought becomes anti-social, their courage dangerous, their habit reckless; all are fine qualities of a bandit whom they used to despise. Now they feel like him and fall into his lot. In their misery, or rather in the shifting of property or employment, therefore, we find the significance of the event of flood or famine if such an event precede the increase of bandits in China.

A second interpretation of this increase is political. Prejudiced critics are prone to indict the Chinese government for any evil in China which affects the nation. They allege that the Chinese have failed to govern themselves and that, the government being bad, there has never been any force efficacious enough to put down the bandits. It is imperative, however, to answer the query why the government is bad. To do so, we need to analyze the whole structure of Chinese social life. In the second place, it must be remembered that although the government may be incompetent in many other ways, it is not so in the matter of curbing "lawless" Chinese. The Chinese officials are ever ready to suppress their own people. Hundreds, nay thousands, of bandits have been shot or beheaded every generation. Thousands upon thousands have been imprisoned under terrible conditions and punished with deadly weapons. Yet, as we see, thousands have grown up as bandits. In the light of history it is clear that the lack of force could not be assumed as the cause of the increase of bandits.

Suffice it to point out the fact that wherever the army fails, the "united defense leagues" and the "village unions" succeed. The reason for this is obvious. The army is composed of men who come with one or more officials from another province and are professional soldiers, living to eat and to destroy. The "unions" and "leagues," on the other hand, are all made up of the inhabitants of their respective localities and, perhaps except the officers, have no regular employment. Previously, they were compelled to lie idle and steal or rob. Now they earn a fair income as "police-men" and go about as useful citizens in other ways. They begin to acquire what lies beyond the "rice bowl," guard the road between right and wrong, and become sympathetic with those who need help. So we learn that where the "leagues" and "unions" are, the bandits die quickly and there is no need of any persecution. What force cannot do, something else does.

A third explanation of the great number of Chinese bandits is biological. I remember a remark made by one professor of repute, to this effect—The Chinese as a race are inferior, physically, mentally, and morally. Accordingly, then, many Chinese may be born bandits while, for instance, many Germans are born musicians. As like breeds like, so it may be added that the children of bandits must eventually become bandits also. The increase of bandits in China is natural!

The objection to this explanation is plain. How can it apply to a man who was a bandit in his country, ran away to Manila, won a fortune there, returned home, and died as a most respectable, happy father of seven children; or a man who had surrendered himself as a bandit of twenty years' standing, led an efficient army, and finally held a commendable governorship; or a man whose father was a notorious bandit, educated at his uncle's school, and became a famous scholar in the country at the age of forty-five? However acceptable the theory of heredity may be, it seems to fail as an explanation of the problem to be solved.

III

Curious enough, results of a continuous observation and inquiry coincide in this fact: That all the bandits are propertyless and they are unemployed. What they may possess is personal and comes only with the success of their reckless adventure and what they profess to be is but a means to deceive the public. That an increase in the number of the unemployed, brings an increase in the number of bandits admits no denial. The question which really deserves our attention is, therefore, not the increase of bandits, but the addition of men to the propertyless or the unemployed class.

Why is there a propertyless class in a country so full of resources as China? It may be said that every Chinese ought to hold some property just as it is said that every woman there ought to have a husband. The land of China is of and for the Chinese as it has always been since the Han Dynasty (206 B.C.—A.D. 220). Having defeated the aborigines step by step, before this dynasty, our Chinese ancestors migrated from the North to the East along the Yellow River, and from the West to the South along the Yang-tsze River, and then to the Sea of China along the West River. They had separate and well defined settlements. As their families grew, these settlements changed into villages. The cities and towns were not homes but their markets and common refuges. Each family had houses, gardens, hills, farms, meadows, and rivulets. After making some reservation for one or more common purposes, the head of the family divided these properties equally among his sons before he died. Obviously, no man of Chinese parentage should now live without property.

Indeed, every man would be provided with some landed property if the Chinese population had always remained stationary. Unfortunately all the Chinese left behind them so many children that brothers no longer could recognize each other. Inheritances had to be subdivided into many million small shares. Each person could barter or exchange his very small inheritance for something else or

pledge it for a loan. Gradually through accident, sickness, or the expenses connected with marriages, births, and deaths, the majority of small property holders lost what little they possessed.

At present many Chinese have no wealth, that is, no land, no store, no house, because they have lost it all through a long, severe struggle for existence. There are only a few who still live in comfort and luxury.

IV

In order to show why more people are continually falling into the propertyless class, it is necessary to explain how the few are able to acquire the property of the many. In the first place, let us note that these few have wealth to acquire more property. They are scholars, officials, and merchants. The scholars belong to the official class and any of them may hold one or more offices when opportunity arises. Meanwhile they are secretaries, authors, artists, teachers, or merchants. On occasions, too, they can serve as lawyers. They always have an income from some source. Some may earn more by "selling letters," looking after vices or evils, and, better still, acting as go-betweens with the officials and the "good people." They also enjoy special privileges such as speaking "louder" in town-meetings, representing their constituencies, and receiving presents on certain occasions. As there are classes of scholars, these privileges vary in degree. A scholar, or *literatus*, has one or more "Names of Merit."¹ He who has one receives from his village one more share of the things which are distributed annually to all the males there. If he has two, he will receive two more shares, and so on. If he lives to be sixty, he receives one more share in addition to what he has already been receiving; when he is seventy, he will receive two more shares, and so on, unless he be ostracized. Moreover, he receives one or more pieces of land with the title thereof. The more the "Names of Merit," the larger the share of land. It is therefore easy to imagine how all the farms which once belonged

¹ Equivalent to academic degrees; in a sense, all are imperial decorations.

to the village in common and the return of which served as capital among the villages are now in the hands of a few individuals.

Unless one rises from the commercial class, all Chinese officials are scholars, in name at least. All the officials, therefore, enjoy the same privileges as the scholars although the latter may not share what the former enjoy. The officials in retirement or in service can multiply the privileges to which they are entitled as scholars. It is well understood that, comparatively, officials have larger incomes than scholars. As a rule, moreover, official families are full of scholars; for just as a patient and ambitious scholar is bound to be an official, a successful and optimistic official is bound to make his own son and grandson scholars even though scholarship may be contrary to their nature. Apparently, then, such a family as his cannot but become aristocratic and plutocratic for two or more generations, though seldom it can last over five.

The third class of people who own property are the merchants. They have no special privileges. Any of them may be decorated by the government but, in that case, he should be classified as an official. Many of them may be from the bottom class, where no property owner can be found; but they become property owners before they are so called. The merchants of one class, of course, differ from those of the other in some economic conditions. Those whose business does not extend beyond the town limit are also small farmers and usually their salaries are their profits. Those whose business is provincial live near their farms. Their income is rather small, though stable, because they have to encounter keen competition in static economy, long time credit in sales, and intimacy with the buyers. The international merchants who do business through the country and with the world at large live in cities and like the officials they seldom return to their villages where, however, they have vital interests. Their income fluctuates but often it rises to abundance. Fostering the industrial revolution, they are the princes and ambassadors of capitalism. Among their

allies are the merchants abroad who sell, buy, and make anything, principally in the British colonies, the Philippine Islands, and North America. Abroad, their property is personal and their income increases daily in the form of gold and silver which they remit home to China since they find no home elsewhere.

V

All the merchants, the officials, and scholars, then, own property personal and real, and at the same time receive income for service and from their property. They are the people able to buy houses, gardens, farms, fish ponds, grass lands, and forests. It is impossible to tell accurately how many there are in this class since there is no census available; yet a conservative estimate of them class by class is as follows:

<i>Class</i>	<i>Number*</i>
Scholars	1,000,000
Officials (civil and military)	1,000,000
Local merchants	20,000,000
International merchants.....	10,000,000
Merchants abroad.....	1,500,000

* These figures, except the last which is official, may appear doubtful. Yet, when we take into consideration the simplicity of the village system and the uniformity of economic conditions all over China, we may regard them as substantially accurate since they are based on personal observations in several districts and in two large changing cities.

In view of another estimate, that the Chinese population is about 350,000,000, these figures are significant. Compared with them, the figures which show the number of those who cannot buy, and the number of those who are likely to sell properties is alarming. Our estimate is as follows:

<i>Class</i>	<i>Number*</i>
Petty farmers and laborers.....	25,000,000
Petty farmers and tenants.....	50,000,000
Property widows.....	10,000,000
Property wage-earners.....	35,000,000
The propertyless.....	20,000,000

** This does not include the women and children who are subordinates. The Chinese government estimates the agricultural households at 61,000,000 which does not include the class last named but may include many in the merchant class.

The basis of these figures is a personal canvass in a small territory, including Canton. The striking fact is that while there are people who stand ready to buy property, the small owners must be decreasing and the propertyless must be increasing. How many of the few able people are ultimate property buyers? From personal investigation in typical cases, it is fair to estimate that at least 75 per cent of the merchants abroad, who sent money back home, are property-buyers; at least 60 per cent of the international merchants; and at least 45 per cent of the officials. Of the scholars, at least 30 per cent of them have been buyers in the past, though perhaps not now, since privileges no longer are granted to scholars of this decade. The conservative and moderate local merchants, on the other hand, are money lenders. Their loan to the petty property owner is usually a mortgage, one that can easily end with a foreclosure. In the rural districts, interest on money means usury; and it is compound. The rate runs from 8 to 20 per cent per annum and in the case of short loans it runs from 10 to 30 per cent. per month. Thus by way of lending, the local merchants can exploit the petty owners rather cheaply and property pass into their hands with ease.

The property buyers, it may also be stated, are mostly resident of the provinces of Kwangtung, Kiangsu, Shangtung, and of other districts along the ocean and the commercial rivers. There the trading ports and centres of civilization are situated. Consequently, there the "big merchants", notorious officials, and influential scholars are found. There machines and engines are introduced, fashions and luxuries are imported. There blue eyes and red hair are seen, and gunboats and flags of all nations are honored. There, too, money and credit flow like water while speculation and gambling are becoming attractive as new fashions. Temptation is too strong for the marginal consumer to resist and the cost of living is too burdensome for the marginal producer to bear. Inevitably, some people lose, while others gain property.

No wonder the propertyless are more numerous there than elsewhere in the Republic of China. If there is a

tendency for the propertyless to become bandits, then it is in the coastal and the river districts that the greater number of bandits should be found.

VI

Cannot the propertyless, it may be asked, find positions on the farms which, regardless of ownership, must be cultivated? My answer is, certainly not. Almost all the farms which the property class own are in charge of tenants on certain customary terms and there are only two crops for every farm in the year. Except at planting and harvesting the tenants whose sons and daughters are "partners" have no need that will oblige them to hire laborers. The first planting time lasts about a month in Spring; the second planting time succeeds the first harvesting time and together they cover about two months in the summer. Late in autumn comes the second harvesting and lasts about thirty-five days. There are, then, only four interrupted months during which the propertyless may be employed. Even in this valuable time many of them cannot but remain idle. Sturdy and lowly paid, both women and children are their competitors. Besides, farms are static from the point of number while persons are dynamic, increasing in numbers every day. Thousands upon thousands wish to earn a living as agricultural laborers but the demand for them is very small.

Again, it may be suggested, let them find positions in industry and commerce. My reply is, even there they fail and must fail for a long time to come. Not to mention the scholars and officials who dislike any kind of strenuous life, the wealthy, hard-working merchant does not indulge in a large industrial adventure. He cannot see the desirability of a "brand new" commercial enterprise. He takes "neither unnecessary risk nor invited trouble." He understands what a practical man is, but an adventurer he does not propose to be. Moreover, he is superstitious and impatient. Under an immemorial social tyranny he does not dare to do anything extraordinary and with a rapidly growing family he cannot wait for the return from a factory

as the New Englander does. In the third place, to him as to any one else in the community, a merchant is "nameless, low, common," and a manufacturer or engineer is still worse. While he has the financial means, he wants to be "noble" and "sure" of his living. The first thing he likes to do is to marry a girl, then another, then as many as his pride and lust may dictate. A large family with servants, maids, cooks, is the consequence and then children in the family must be married early, "well educated," and do anything but productive labor in order to be "refined." This style of life necessitates investments in houses and land which are safe and carry with them immediate, periodical returns. Also it takes great shrewdness to maintain his *status quo* and a stern resistance to the appeal to make improvements on his land. In his economics, no surplus can be accumulated. No capital can arise. Neither commerce nor industry, therefore, can offer enough positions for the ever multiplying unemployed to fill.

It is true that due to foreign influence new industry and commerce are now growing in China; but it is also true that the old industry and commerce are fast dying. In the present economic transition, the real loss in the rate of wages very much overbalances the apparent gain so far as the side of labor is concerned. The new commerce largely consists of brokerage and insurance which help only the sons of the property class who have imbued the spirit of the modern era, and of railroad and shipping business which sweeps away the old water and land transportation service, while the desperate workers in the service as well as in the shipping industry have to beg. Next, evidently, is banking; but it again displaces the small, old business in which more men were employed. The adoption of European dress, as the Cantonese declare, costs them, "many bowls of rice;" for, as a result, the second hand clothing business alone is paralyzing several thousand wage-earners in the province. Indeed, the importation of the necessities of life results in the ruin of many a business. While the economic women are everywhere obliged to abandon their domestic industries,

millions of people lose their jobs in the urban districts. Take hosiery, for instance. Its presence in the market means the overthrow of the whole Chinese hosiery with disastrous effects upon a great force of women who knit at home and men who work in the shop. The cotton clothes, woolens, hardware, leather shoes, all are substituting what the Chinese themselves can supply and must use almost every day. The effect of such substitutions on the employment of labor is at least temporarily harmful. Although capital, displaced, may be employed elsewhere, labor cannot be transferred. It is beyond any shadow of doubt that importation and manufacture in changing China are two forces producing unemployment. The cotton mills, furthermore, which have been flourishing in the treaty ports in the last ten years introduce another new evil. The employment of women and children en masse lowers the scale of wages on one hand and, on the other, narrows the channel of work for men. Driven to the coolie class, many capable men degenerate physically.

Viewed from the point of labor, the industrial revolution, which progresses along the sea coast, is indeed a colossal evil. It intensifies the struggle for existence, disturbs the normal conditions like the waves of a wide ocean, and forces the working men to retreat to the edge of a precipice. In the progressive and rich districts where it is most extensive, conditions of employment are the worst. If, without employment, these men have any property, they must sell it to buy rice and salt for the preservation of life. They are helpless. Their only resource is through the old custom of hospitality and charity.

VII

Thus by the analysis of modern economic conditions in China, we can explain why the increase of bandits does not stop. Social institutions, expressed in custom and habit, (1) perpetuate daily the fallacy that only houses, farms, and the like, constitute one's wealth; (2) enthrone certain parasites with the "Names of Merit" who carry the torch-light of "refinement" to the deterioration of life; and (3) crush

the thought of adventure that might result in the creation of capitalism long before the capitalism of the West could invade the Far East. Men of privilege and men of various trades alike have large families. They buy farms and houses, the essentials of a great agricultural country, thus depriving many of their livelihood. Some few of them are now princes of commerce or captains of industry and willfully or otherwise they exploit the poor whose fortune has been vanishing all the time with the development of social conventions. In the face of industrial growth and commercial prosperity which enrich the middle and upper classes, the poor lose their property if they ever had any; and while the well-to-do may watch the concentration of wealth or hurry the importation of goods, they lose their employment. Under economic pressure, first indebtedness, then idleness, and lastly hunger, they free themselves from their misery by joining the kingdom of the bandits. To say that these poor, wretched, malicious people are mere victims of flood or famine, or born bandits, or bandits by their own sweet will, is ignore to the weight of their economic environment which ultimately determines the turn of one's volition.